

## **I. Providing Economic Security to Women and Families**

The Department of Transitional Assistance (DTA) administers income support programs that assist low-income families and individuals. In addition to the state's cash assistance programs, DTA oversees and works with other agencies to administer shelter services, domestic violence support services, child care assistance, and education and job search assistance for individuals receiving cash assistance. Since the Commonwealth reformed its welfare system in 1995, caseloads for cash assistance programs have declined overall, but recent policy changes and the poor state of the economy have led to increased participation in certain programs and increasing demand for services.

### ***Transitional Aid to Families with Dependent Children***

In 1995, Massachusetts was one of the early states to implement reforms focused on moving women off of welfare and into the workforce. The Commonwealth's welfare system was renamed Transitional Aid to Families with Dependent Children (TAFDC) and was modified to emphasize work and to impose stricter time-limits on the receipt of cash benefits – two years within a five year period.<sup>1</sup> Exemptions from the time limit are permitted for certain individuals who are unable to work due to a disability, their age, or their children's age.<sup>2</sup> For example, parents with children under two years of age are exempt; parents with children between two and six years of age were originally subject to the time limit but not the work requirement. The fiscal year 2004 budget implemented comprehensive work requirements for parents with children between two and six years of age, though parents were permitted to meet this requirement by participating in education and training activities. The fiscal year 2005 budget expanded work requirements for parents with school-aged children, requiring parents with children between the ages of six and nine years of age to work 24 hours per week; parents with children older than nine years of age must work 30 hours per week. This group of parents was previously required to work 20 hours per week. The fiscal year 2005 budget additionally allows all parents to meet their work requirement by participating in education or training activities – a right which was previously extended only to parents with children between two and six years of age.

### **Impact on Women and Girls**

The TAFDC program is designed to assist families with little or no income. Families with or expecting children receive cash assistance through the program and, based on their low incomes, are eligible for other programs and services including health insurance, child care subsidies, as well as education, training, and job search assistance. As the majority of adult TAFDC recipients are female (94 percent), the provision of these benefits and services plays a major role in the lives of very low-income women and



girls.<sup>3</sup> Across the country, recent cuts in many of these social safety net programs have jeopardized the well-being of low-income families.<sup>4</sup>

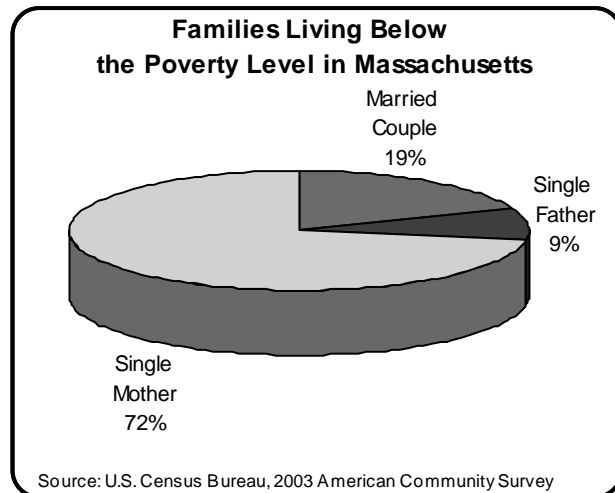
Figure 3 shows that families living in poverty are disproportionately headed by single mothers. According to 2003 Census data for Massachusetts, 72 percent of families with children living below the poverty level are headed by a single mother. Thus, female-headed families are more likely to need, and to benefit from, cash assistance programs like TAFDC and other safety net programs.

The elements of welfare reform – work requirements, time limits, and financial work incentives – were designed to reduce dependency and foster self-sufficiency.<sup>5</sup> Yet, the cash benefits provided through TAFDC are less than sufficient to maintain a family's economic security. A family of 3 receives a maximum monthly benefit of \$618 or \$7,416 annually.<sup>6</sup>

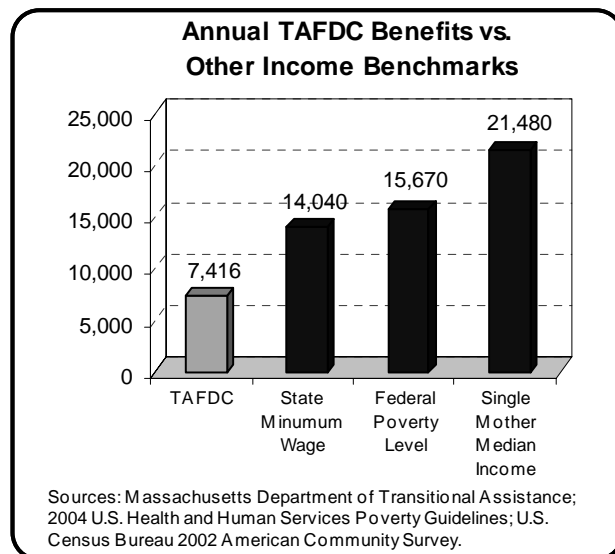
In 1999, the Department of Transitional Assistance commissioned an evaluation to assess the employment status and earnings, financial self-sufficiency, and other general characteristics of former TAFDC recipients. (To date, this is the most recent study of former TAFDC recipients released by the state.) The report, *After Time Limits: A Study of Households Leaving Welfare Between December 1998 and April 1999*, revealed that:

- After leaving the cash assistance program, the majority of individuals were employed (71 percent), and earning more than minimum wage (\$8.21 per hour on average for those who reached their time-limit, \$8.62 for the non-time limit group).<sup>7</sup> Many employed individuals were working in a part-time position (less than 30 hours per

**Figure 1**



**Figure 2**



**Note:** The TAFDC and Federal Poverty Level are for a family of three. The State Minimum Wage does not adjust for income taxes, and assumes employment at 40 hours per week for 52 weeks.



week). Lack of full-time opportunities at their current job was cited as the primary reason for not securing full-time employment.<sup>8</sup>

- Thirty percent of respondents were not employed at all. Individuals were most likely to cite lack of work experience or education as a barrier to securing employment.<sup>9</sup>
- Industries where former recipients were employed include retail/sales, clerical, housekeeping, child care, health care, food services, and factory work.<sup>10</sup>
- After leaving TAFDC, former recipients were still eligible for and received vital publicly funded support services including Medicaid (MassHealth), housing assistance, food stamps, and child care subsidies. Despite these income supplements, a number of households demonstrated signs of increased food insecurity.<sup>11</sup>

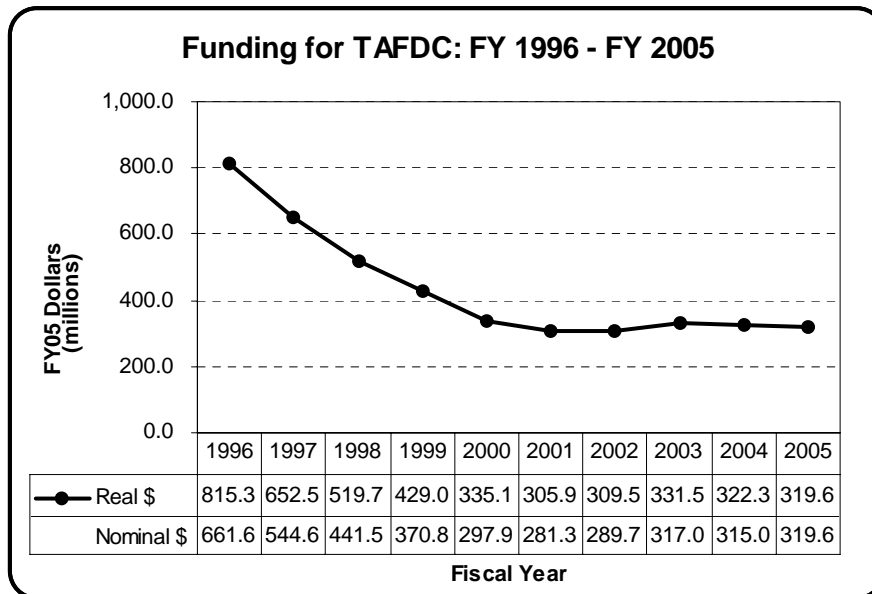
Despite the overall goal of moving families from welfare to work, the industries in which former recipients were employed, as well as the wages that they earned were not likely to ensure their family's economic-sufficiency. Although welfare reform efforts have had a somewhat limited impact on improving families' economic well-being, the network of social services that are available to TAFDC recipients are still necessary to help to promote positive outcomes for many families with very low incomes. Following its initial reform efforts, the state invested more heavily in education, training, and job placement opportunities for individuals receiving TAFDC benefits. Several reports, including a review by the Brookings Institution, have indicated that the most successful programs aimed to move individuals from welfare to stable, self-sufficient work integrate education, training, and work activities.<sup>12</sup> Though limited in scope, the Massachusetts' Employment Services Program provides such opportunities to current and transitioning TAFDC recipients. The summary on the Employment Services Program will detail the state's investment in these areas and assess the impact of recent budget cuts to these services.

## Funding

Figure 5 shows state funding for TAFDC since welfare reform legislation was passed.<sup>13</sup> Between fiscal years 1996 and 2001, funding fell by \$509.4 million or 62 percent in real terms. The decrease in spending generally reflects the overall decline in the caseload as shown in Figure 6. During this same period, the TAFDC caseload shrank by more than 46,300 recipients or 52 percent. The decline in the caseload is generally attributed to changes in policy like time limits and work requirements, as well as to the economic expansion of the late 1990s, though researchers are at odds over which aspect had the stronger effect. A 2001 review of the literature and research on this issue by the Urban Institute shows that the influence of changing economy was greater than that of policy changes.<sup>14</sup> Still, it is likely that changes in state policies have had some effect on whether individuals were able to access benefits provided through TAFDC.

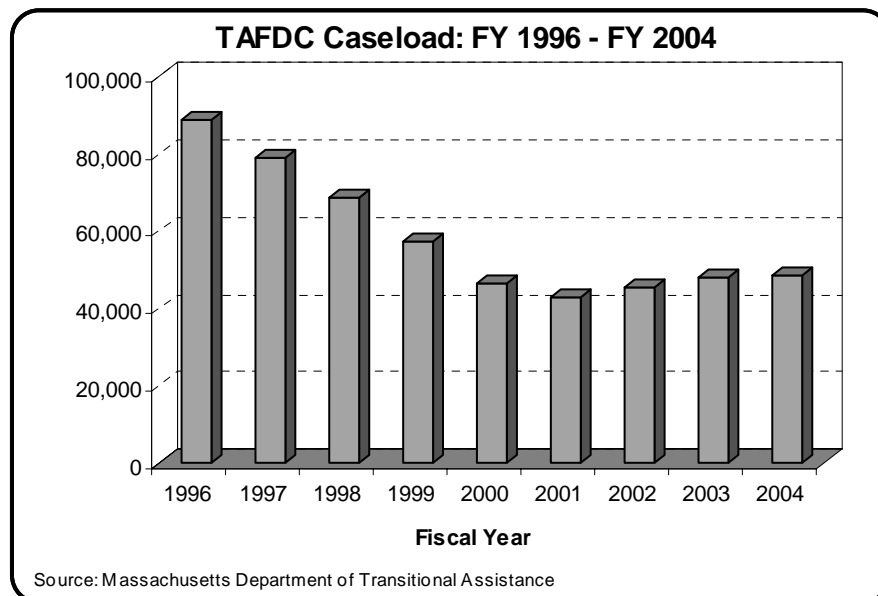


**Figure 3**



Just as the caseload fell when the economy was expanding, the caseload grew when the economy began to contract. As Figure 6 indicates, the TAFDC caseload grew by 14 percent between fiscal years 2001 and 2004. Overall funding for TAFDC also rose during the fiscal crisis, though not at the same pace as the caseload.

**Figure 4**



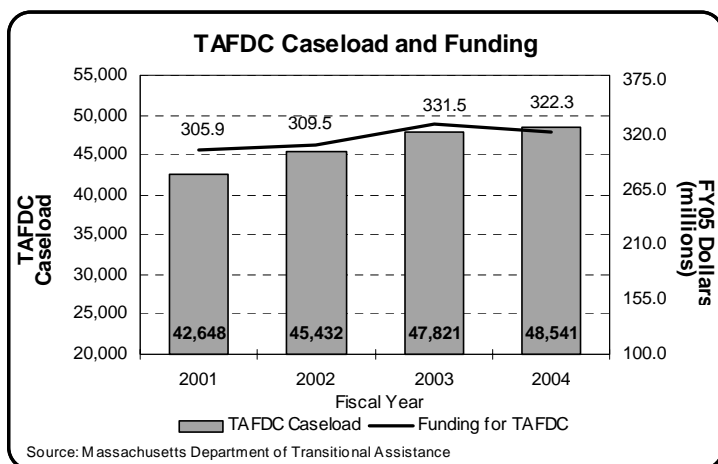
**Note:** Figures represent average monthly caseload, which includes non-exempt and exempt individuals.



## Impact of Funding Cuts

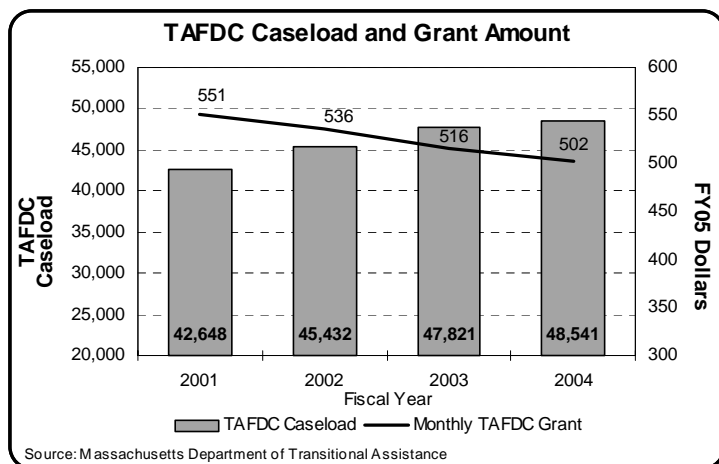
When the economy performs poorly, many individuals and families turn to income support programs like TAFDC. Although overall appropriations for TAFDC were not reduced during the fiscal crisis, funding did not keep pace with caseload growth. Between fiscal years 2001 and 2004, the Commonwealth's average monthly caseload for TAFDC climbed from 42,648 to 48,541, a 14 percent increase. During this same period, funding TAFDC rose only by 5 percent after adjusting for inflation.

Figure 5



**Note:** Figures represent average monthly caseload, which includes non-exempt and exempt individuals.

Figure 6



**Note:** Figures represent average monthly caseload, which includes non-exempt and exempt individuals.

There has been a decline in the average amount of the TAFDC grant, thereby lowering the amount of cash assistance provided to each family. During the economic downturn, the real value of the average monthly grant decreased. Nominally, the decrease in the grant roughly represents a \$15 per month decline. In real terms, the average monthly grant fell by roughly \$50 per month or approximately \$600 annually.

There were two primary causes for the reduction in the average inflation-adjusted value of the grant. The first was simply that the state did not adjust the grant to account for the erosion of purchasing power due to inflation. Thus, each year the value of the grant declined as inflation increased costs and grant values were not adjusted proportionately.

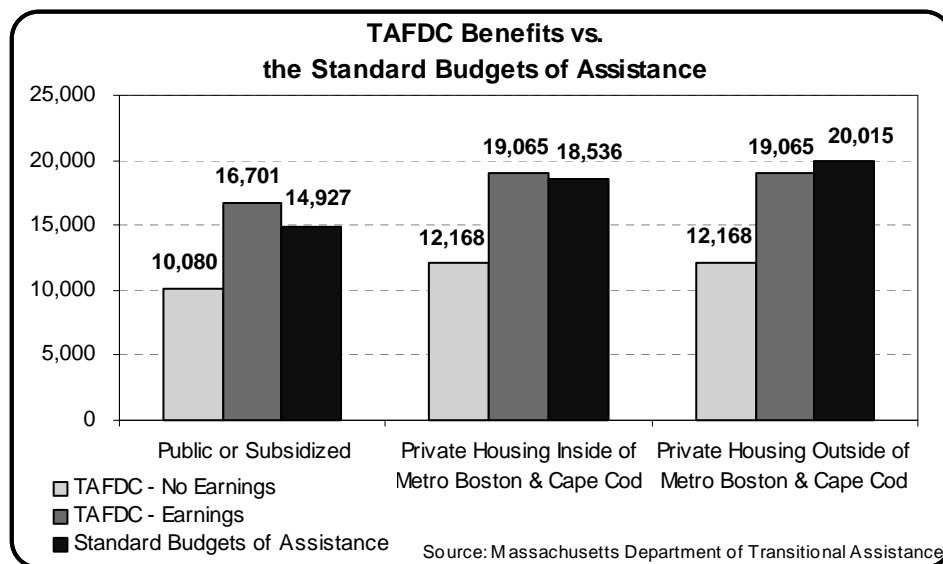
The second reason for the real decline likely has to do with other welfare policy changes. Grant values declined because an increasing number of DTA recipients were working. In June of 2002, five percent of the total caseload was employed, and by June of 2004, this



proportion had grown to 10 percent.<sup>15</sup> Because a share of all earnings is deducted from grant amounts, when more people work, the average grant size declines. The data available from the Department of Transitional Assistance do not show who these new workers were, but since new work requirements were imposed on parents of young children, it is likely that their new wages helped to drive down the size of the average grant. It is important to note, however, that the state also had to provide child care to allow many of these parents to work. The cost of that child care does not show up in the DTA budget.

The Department of Transitional Assistance acknowledges that the level of benefits provided to TAFDC families does not adequately meet the basic needs of these families. Using the typical components of a family's budget – housing, utility costs, food, and clothing – to derive the *Standard Budgets of Assistance*, DTA reported to the Legislature in 2004 that the TAFDC payment to families would have to increase by an additional 70 to 113 percent to meet this benchmark.<sup>16</sup> DTA states in this report that since earnings from employment brings families' earnings close to or slightly higher than the Standard budget of Assistance (see Figure 9), the agency places a strong emphasis on helping individuals to secure employment. Other data from DTA show, however, that only 10 percent of the TAFDC caseload is employed in a paying job, and that the majority of other types of work activities are unpaid community service assignments.

**Figure 7**



**Note:** Each budget assumes a three person family. The TAFDC totals include allowances for clothing and rent and incorporate food stamp benefits. Earnings assume minimum wage employment at 20 hours per week.

The declining value of cash assistance grants is actually only a small part of a larger story of cumulative negative effects of state policies on low-income families during the fiscal crisis. In addition to funding reductions for subsidized child care and training programs,



other services upon which these families rely have been hit particularly hard. For example, low-income families, including those receiving TAFDC, are eligible for several state and federally funded rental assistance programs, but budget cuts for many rental assistance programs have posed a particular challenge. The Massachusetts Rental Voucher Program – a rental assistance program for households earning less than 200 percent of the poverty level – was cut in real terms by \$15.2 million or 40 percent between fiscal years 2001 and 2004. New applicants for this program can no longer receive assistance through this program, as vouchers are frozen upon turnover. Families in emergency shelters overwhelmingly are headed by low-income single mothers, as 87 percent of homeless families in shelters are headed by a female and 73 percent receive TAFDC or some other form of assistance.<sup>17</sup>

The goals of the TAFDC program – to provide financial assistance to families in need – were compromised during the fiscal crisis. Appropriations for other social safety net programs and employment supports, like the Employment Services Program were also reduced. As most of these families are headed by single-mothers, this poses a particular challenge for women.

## ***The Employment Services Program***

The Department of Transitional Assistance administers the Employment Services Program (ESP), a set of programs which provide education, training, and job search assistance to current and former TAFDC recipients up to one year after their benefits are terminated. While programs feature a “work first” approach, there are a few programs focused more on education and training, including GED classes for teen parents, targeted skills training, and two-year college programs. It is important to note that although two-year college programs fulfill the work requirement, these programs are not subsidized by the Employment Services Program. The Commonwealth does, however, support related expenses like child care and transportation.



## **Activities Offered through the Employment Services Program<sup>18</sup>**

### **Work Activities**

*Community Service* – Provides unpaid work experiences for individuals who are not able to secure paid employment.

*Supported Work* – On-the-job training program that provides wages to TAFDC recipients. Individuals receive a reduced TAFDC grant while they gradually transition to unsubsidized employment.

*Full Employment Program* – Fully-subsidized employment program for TAFDC recipients.

### **Job Search Assistance**

*Structured Job Search* – Intensive program for TAFDC recipients who have six or fewer months of eligibility remaining.

*Basic Job Search* – Program designed for individuals with some work experience and no serious barriers to employment. Services include assessments, job search support, case management, and job placement.

### **Training**

*Skills Training* – Includes free-standing as well as integrated short-term skills training and education programs.

*Post-Employment Services* – Skill enhancement and job retention programs offered to former TAFDC recipients up to one year after benefits cease.

### **Education**

*Basic Education* – Education programs for adults with limited skills. Programs include remedial assistance in specific subjects, English for Speakers of other Languages (ESOL), and preparation for the GED exam.

*Young Parents Program* – Provides literacy and other skills training to pregnant teens or teen parents who have not received a high school diploma or GED.

*Two-Year College* – Certificate program for TAFDC recipients which integrates academic and occupational learning with the ultimate goal of job placement.

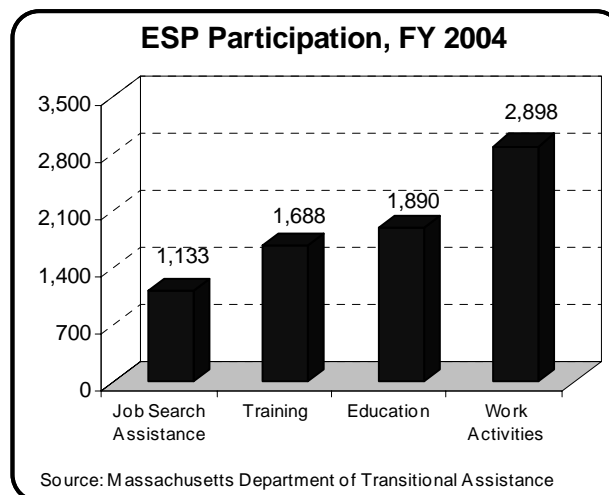




## Impact on Women and Girls

Since welfare reform has been implemented in Massachusetts, between 4,000 and 15,000 individuals have annually participated in activities offered through the Employment Services Program.<sup>19</sup> The majority of individuals using these services are women as they represent more than 90 percent of the TAFDC caseload. While most of these participants were enrolled in job search assistance or employment programs, Figure 10 shows that in fiscal year 2004 nearly 1,700 people participated in skills training and 1,890 people enrolled in education programs.<sup>20</sup>

Figure 8



**Note:** Employed individuals are not counted in the work activities category; individuals participating in supported work activities are included in this category as their support is partially subsidized through the Employment Services Program.

Individuals with limited skills and work histories require education and training to succeed in the work place. In general, welfare recipients are less skilled and have received less formal education than individuals not receiving benefits.<sup>21</sup> As earnings increase with education, the availability of education and training programs can positively impact TAFDC recipients' earnings. National research points to the benefits of providing both types of opportunities – education and training as well as job search assistance – to individuals receiving cash assistance.<sup>22</sup> In fact, the most recent and comprehensive national evaluation of welfare-to-work programs, the National Evaluation of Welfare-to-Work Strategies (NEWWS), shows that welfare recipients who participated in programs that combine the two approaches experienced higher earnings and a greater degree of stable employment than those in programs solely focused on one approach.<sup>23</sup>

## Funding

Since fiscal year 2002, funding for the Employment Services Program has fallen considerably. Between fiscal years 2002 and 2004, funding for the Employment Services Program fell by \$20.9 million or 55 percent, as shown in Figure 11. In fiscal year 2002, state support totaled \$35.8 million. In fiscal year 2003 the Legislature initially appropriated \$28.0 million, but the Governor's mid-year cuts further reduced the budget for the Employment Services Program by \$10.0 million.<sup>24</sup> The fiscal year 2005 budget funds these services at nearly \$22.0 million, a \$5.0 million nominal rise over fiscal year 2004.<sup>25</sup>

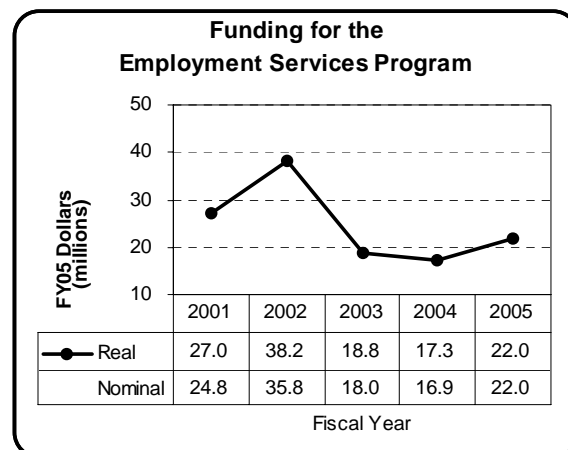


While the 2005 appropriation appears to be a substantial increase, policy changes have placed new demands on ESP. In addition to increased work requirements for parents of school aged children, the fiscal year 2005 budget permits parents to meet the work requirement by participating in education or training programs. It remains to be seen whether the additional funding will be sufficient to meet the added demand for services.

## Impact of Funding Cuts

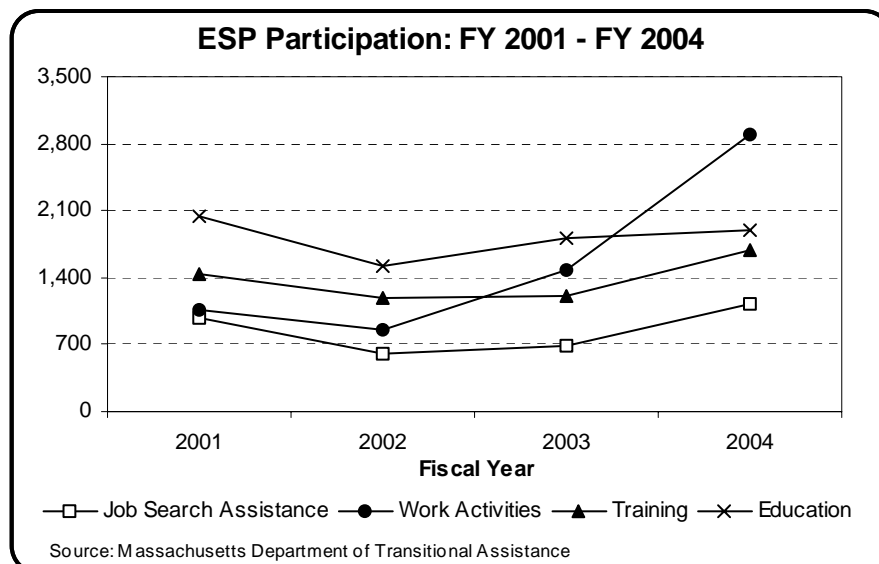
Since the fiscal crisis began, overall demand for services provided through the Employment Services Program have increased. Between fiscal years 2001 and 2004, participation numbers in each type of services offered by the Employment Services Program have increased overall except for education services as shown in Figure 12. The fiscal year 2004 budget implemented changes to the work requirements for parents with children between two and six years of age. These changes added nearly 2,700 individuals between June 2003 and June 2004.<sup>26</sup>

Figure 9



**Note:** The FY04 total includes \$5.9 million one-time funding from the federal Reed Act; the FY05 total includes \$3.0 million from a federal reimbursement for state expenditures on education and training for individuals receiving food stamps.

Figure 10

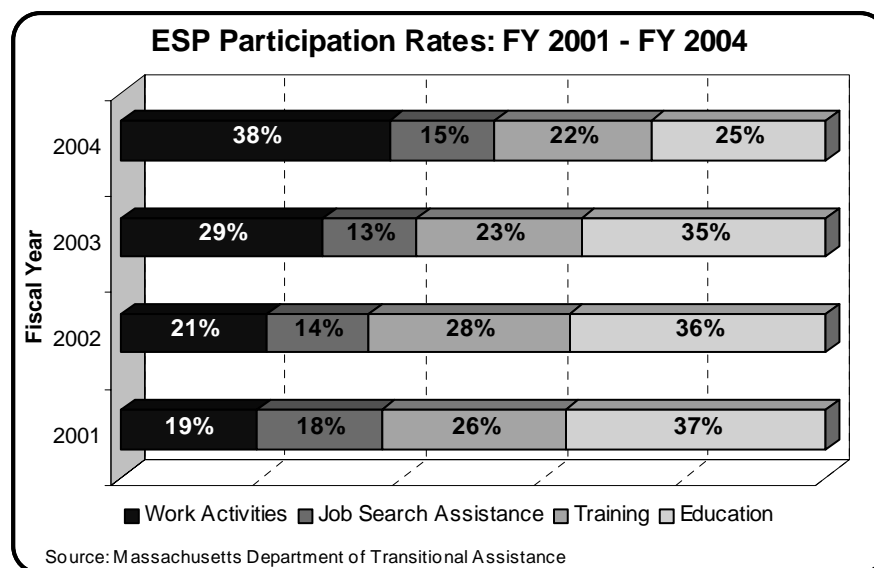


**Note:** Data represents participation numbers for June of each fiscal year, which may not reflect fluctuations in participation throughout the year.



Although overall participation has increased in the Employment Services Program, the Commonwealth has provided fewer resources to meet this demand. One consequence is that the Commonwealth has begun shifting ESP participants into less costly activities. During the fiscal crisis, the proportion of individuals participating in education and training programs fell and the proportion of those in work activities rose, as illustrated by Figure 13. In fiscal year 2002, 36 percent of individuals participating in the Employment Services Program were enrolled in education programs and 28 were enrolled in training programs;<sup>27</sup> by fiscal year 2004, these percentages fell to 25 and 22 respectively.<sup>28</sup> Participation in work activities rose from 21 percent in fiscal year 2002 to 38 percent in fiscal year 2004.<sup>29</sup> It is worth noting that of the 2,900 individuals who were in the work activity category for 2004, nearly all of them (more than 2,000) were participating in unpaid community service. This shift in participation is likely due to reductions in available resources since work activities – virtually of which are unpaid community service placements – are less costly, in the short-term, than education and training programs.

**Figure 11**



**Note:** Data represents participation numbers for June of each fiscal year, which may not reflect fluctuations in participation throughout the year.

Shifting resources to other less costly areas may save money in the short-term, but it is counter to the goal of fostering economic self-sufficiency for TAFDC recipients. Ample research shows the benefits of providing education and training opportunities to individuals transitioning off of welfare benefits. Although the NEWWS evaluation highlights the benefits of mixed approaches to helping individuals transition off of welfare, it also shows that individuals who participated in education and training programs increased their long-term earnings. In three of the NEWWS sites, non-high school graduates who increased their reading skills experienced a 13 percent increase in earnings at the three-year follow up; those who increased their skill levels or obtained



their GED increased their earnings by 30 percent. Non-graduates who enrolled in basic education and also participated in job training or other post-secondary programs experienced considerably larger increases in earnings; their earnings increased by 37 percent at the three-year follow up.<sup>30</sup>

The reduction in funding for the Employment Services Program will make it harder to continue progress in improving economic self-sufficiency for individuals receiving TAFDC or moving to the workforce. By shifting resources away from education and training, the Commonwealth has failed to make the longer term investments needed to help low-income women acquire marketable skill sets.

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<sup>1</sup> TAFDC is funded in part with state dollars, and in part with funds from the federal Temporary Assistance for Needy Families (TANF) block grant.

<sup>2</sup> Unless otherwise noted, this report refers to non-exempt families receiving TAFDC benefits.

<sup>3</sup> Gender breakdown of the TAFDC caseload comes from “TAFDC Caseload Demographics,” Massachusetts Department of Transitional Assistance, current as of July 2004, available at [www.mass.gov/portal/index.jsp?pageID=eohhs2terminal&L=4&L0=Home&L1=Researcher&L2=Basic+Needs&L3=Financial+Assistance&sid=Eeohhs2&b=terminalcontent&f=dtar\\_finassist\\_tafdc&csid=Eeohhs2](http://www.mass.gov/portal/index.jsp?pageID=eohhs2terminal&L=4&L0=Home&L1=Researcher&L2=Basic+Needs&L3=Financial+Assistance&sid=Eeohhs2&b=terminalcontent&f=dtar_finassist_tafdc&csid=Eeohhs2).

<sup>4</sup> McNichol, E., Harris, M., *Many States Cut Budgets as Fiscal Squeeze Continues*, Center on Budget and Policy Priorities, April 26, 2004, available at [www.cbpp.org/4-22-04sfp.pdf](http://www.cbpp.org/4-22-04sfp.pdf).

<sup>5</sup> *After Time Limits: A Study of Households Leaving Welfare Between December 1998 and April 1999*, Executive Summary, Massachusetts Department of Transitional Assistance, November 2000.

<sup>6</sup> “TAFDC Caseload Demographics,” Massachusetts Department of Transitional Assistance, current as of July 2004.

<sup>7</sup> *After Time Limits: A Study of Households Leaving Welfare Between December 1998 and April 1999*, Massachusetts Department of Transitional Assistance, November 2000, p. 31.

<sup>8</sup> *Ibid.*, p. 24-25.

<sup>9</sup> *Ibid.*, p. 25-26.

<sup>10</sup> *Ibid.*, p. 22.

<sup>11</sup> *Ibid.*, p. 79-80.

<sup>12</sup> Gueron, J., Hamilton, G., *The Role of Education and Training in Welfare Reform*, The Brookings Institution, April 2002, p. 3.

<sup>13</sup> Under the TANF block grant program, Massachusetts receives \$459.4 million in federal funding and contributes \$358.9 million in Maintenance of Effort funds (MOE). In order to receive the full amount of the TANF block grant, states are required to meet a basic Maintenance of Effort requirement. In Massachusetts, the MOE amount is 75 percent of the state’s historic spending level based on FY94 spending. The state uses the sum of these funds to provide cash assistance as well as other supports like child care, job search assistance, and transportation. It is important to note that the value of the TANF block grant has fallen considerably as this amount is not adjusted for inflation. Since FY96, the real value of the block grant has fallen by 22 percent.

<sup>14</sup> Bell, S., *Why Are Welfare Caseloads Falling?* Discussion Paper 01-02, Urban Institute, March 2001, p.59.

<sup>15</sup> Percentages of employed individuals come from the Massachusetts Department of Transitional Assistance.

<sup>16</sup> *FY04 Report to the Great and General Court of the Commonwealth of Massachusetts on Standard Budgets of Assistance for the Transitional Aid to Families with Dependent Children*, Massachusetts Department of Transitional Assistance, February 2004, p. 13.

<sup>17</sup> Meschede, T. et al., *The Characteristics of Homeless Families Accessing Massachusetts Emergency Shelters, 1999-2001*, Center for Social Policy, John W. McCormack Graduate School of Policy Studies, University of Massachusetts Boston, April 2003, p. 7, 10.

<sup>18</sup> From Massachusetts’ State Plan for Temporary Assistance for Needy Families, at:

[www.mass.gov/portal/index.jsp?pageID=eohhs2terminal&L=5&L0=Home&L1=Researcher&L2=Basic+Needs&L3=Financial+Assistance&L4=Welfare+Reform&sid=Eeohhs2&b=terminalcontent&f=dtar\\_reform\\_tanf&csid=Eeohhs2](http://www.mass.gov/portal/index.jsp?pageID=eohhs2terminal&L=5&L0=Home&L1=Researcher&L2=Basic+Needs&L3=Financial+Assistance&L4=Welfare+Reform&sid=Eeohhs2&b=terminalcontent&f=dtar_reform_tanf&csid=Eeohhs2).



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<sup>19</sup> Totals come from June Caseload Breakout Reports (or equivalent reports) for fiscal years 1996 through 2004, Massachusetts Department of Transitional Assistance.

<sup>20</sup> *TAFDC Caseload Tracking Breakout Report Unduplicated Activities for June 2004*, Department of Transitional Assistance, June 2004.

<sup>21</sup> Johnson, H., and Tafoya, S., *The Basic Skills of Welfare Recipients: Implications for Welfare Reform*, Public Policy Institute of California, 1999, p. 20, 27.

<sup>22</sup> Gueron, J., and Hamilton, G., *The Role of Education and Training in Welfare Reform*, The Brookings Institution, April 2002, p. 3.

<sup>23</sup> *Ibid.*, p. 3-4.

<sup>24</sup> The Governor has the power to cut state spending unilaterally within a fiscal year if the budget is in deficit. These reductions are also referred to as “9C cuts.”

<sup>25</sup> In FY04, funding for the Employment Services Program totaled \$16.9 million after accounting for federal Reed Act funding. The FY05 total includes \$3.0 million dollars in reimbursements for food stamp recipients.

<sup>26</sup> *TAFDC Caseload Tracking Breakout Report Unduplicated Activities for June 2004*, Department of Transitional Assistance, June 2004.

<sup>27</sup> *Breakdown of Active TAFDC Cases with June 2002 ESP Participation or Earnings*, Department of Transitional Assistance, June 2002.

<sup>28</sup> *TAFDC Caseload Tracking Breakout Report Unduplicated Activities for June 2004*, Department of Transitional Assistance, June 2004.

<sup>29</sup> *Breakdown of Active TAFDC Cases with June 2002 ESP Participation or Earnings*, Department of Transitional Assistance, June 2002 and *TAFDC Caseload Tracking Breakout Report Unduplicated Activities for June 2004*, Department of Transitional Assistance, June 2004.

<sup>30</sup> Bos, J. et al, *Improving Basic Skills: The Effects of Adult Education in Welfare-to-Work Program*, Washington, D.C.: U.S. Department of Health and Human Services, Administration for Children and Families, Office of the Assistant Secretary for Planning and Evaluation, and the U.S. Department of Education, as cited in Martinson, K., Strawn J., *Built to Last: Why Skills Matter for Long-Run Success in Welfare Reform*, Center for Law and Social Policy, April 2003, p. 18.

